

EXAMINER'S BANKING PRACTICES SURVEY

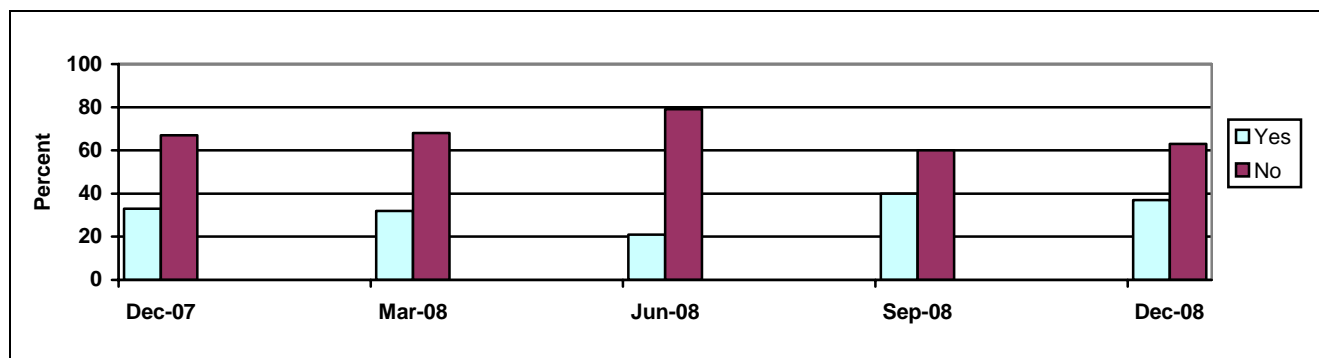
Fourth Quarter 2008

Division of Finance
State of Missouri

This survey is completed by bank examiners at the conclusion of each examination. **Fourth Quarter 2008** results are compiled from **27** responses.

LENDING

1. Since the last examination, has the institution significantly increased lending activity in any particular segment of the portfolio? "*Significantly*" means growth of 20% or more.



Of yes responses:

Loan Type	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
RE/Const/Land Devel	7%	23%	17%	12%	15%
RE/Agricultural	14%	14%	22%	16%	10%
RE/Commercial/Indust	24%	9%	11%	24%	35%
RE/Residential	7%	14%	17%	12%	10%
Agricultural	14%	17%	11%	12%	10%
Commercial/Industrial	20%	23%	5%	20%	15%
Consumer	14%	0%	17%	4%	5%

2. Is the institution active in making the following types of loans?

	Mar-08		Jun-08		Sep-08		Dec-08	
	Yes 11%	No 89%	Yes 9%	No 91%	Yes 0%	No 100%	Yes 4%	No 96%
Of Yes Responses-Loan type								
Sub-prime/Predatory lending	33%		0%		0%		0%	
Dealer paper	33%		100%		0%		100%	
Low or No-doc bus. lending	0%		0%		0%		0%	
High LTV home eq. lending	33%		0%		0%		0%	

3. Is the bank offering below market interest rates or reduced fees to attract loans?

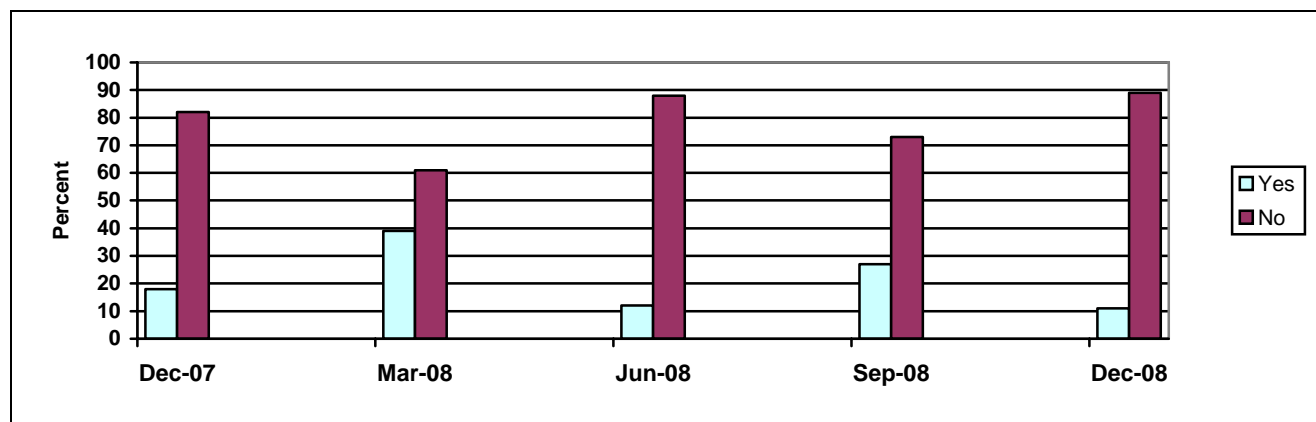
	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Yes	12%	11%	6%	7%	7%
No	88%	89%	94%	93%	93%

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4. Does the institution use credit scoring models for loan decisions?

	Mar-08		Jun-08		Sep-08		Dec-08	
	Yes 11%	No 89%	Yes 9%	No 91%	Yes 3%	No 97%	Yes 11%	No 89%
Of Yes Responses - Loan type								
Credit card	0%		0%		0%		0%	
Consumer	38%		50%		50%		44%	
Residential mortgage	38%		33%		50%		28%	
Small business	24%		17%		0%		28%	
Other	0%		0%		0%		0%	

5. Are there indications the bank is incurring "more-than-normal" risk to boost new loans?



Of yes responses:

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Making collateral based loans?	31%	24%	27%	38%	0%
Reduced collateral margins?	13%	16%	19%	5%	17%
Not requiring cash flow projections?	25%	16%	27%	26%	50%
Liberal repayment terms? (reduced debt service ratios; interest only; deferred, extended, balloon or negative amortization payments)	25%	32%	27%	21%	33%
Waiving guarantees or other documentation?	0%	8%	0%	5%	0%
Other	6%	4%	0%	5%	0%

6. Describe potential risk in current underwriting practices for:

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Agricultural Loans					
Minimal	76%	75%	88%	87%	93%
Moderate	21%	25%	12%	10%	7%
Substantial	3%	0%	0%	3%	0%
Commercial Loans					
Minimal	58%	43%	49%	57%	52%
Moderate	33%	46%	49%	30%	48%
Substantial	9%	11%	2%	13%	0%
Consumer Loans					
Minimal	76%	68%	79%	80%	82%
Moderate	21%	28%	21%	17%	18%
Substantial	3%	4%	0%	3%	0%
Residential Loans					
Minimal	76%	64%	70%	77%	82%
Moderate	21%	32%	27%	17%	18%
Substantial	3%	4%	3%	6%	0%

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7. Differences between actual lending practices and written policies are:

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Agricultural Loans					
Minimal	85%	89%	91%	87%	93%
Moderate	15%	7%	9%	13%	7%
Substantial	0%	4%	0%	0%	0%
Commercial Loans					
Minimal	82%	54%	79%	73%	74%
Moderate	15%	39%	18%	24%	26%
Substantial	3%	7%	3%	3%	0%
Consumer Loans					
Minimal	88%	78%	94%	90%	92%
Moderate	12%	18%	6%	10%	4%
Substantial	0%	4%	0%	0%	4%
Residential Loans					
Minimal	85%	75%	85%	80%	89%
Moderate	15%	21%	15%	20%	11%
Substantial	0%	4%	0%	0%	0%

8. With regard to agricultural loans, describe the potential risk the bank faces from:

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Carryover Debt					
Minimal	79%	79%	88%	87%	96%
Moderate	21%	21%	12%	13%	4%
Substantial	0%	0%	0%	0%	0%
Phase-out of Farm Subsidies					
Minimal	79%	93%	94%	93%	92%
Moderate	21%	7%	6%	7%	4%
Substantial	0%	0%	0%	0%	4%
Drop in Land Values					
Minimal	70%	86%	73%	84%	89%
Moderate	27%	14%	24%	13%	7%
Substantial	3%	0%	3%	3%	4%

9. Has the ratio of Total Adversely Classified Items/Tier 1 Capital & ALLL increased (+) or decreased (-) since the prior examination?

	Mar-08		Jun-08		Sep-08		Dec-08	
No. Banks with Inc/(Dec) in ratio (%)	+	82%	-	18%	+	73%	-	27%
Average Inc/(Dec) in Ratio		21.2		(10.2)		17.1		(11.8)
Cause of Increase								
Eased underwriting standards		8%		4%		6%		3%
Deterioration in new loans		14%		6%		16%		6%
Deterioration in older loans		38%		46%		33%		41%
Participations or out-of-territory		4%		4%		8%		12%
Economic conditions		30%		33%		27%		32%
Changes in lending personnel		0%		2%		2%		0%
New types of lending activity		4%		2%		4%		0%
Other		2%		3%		4%		6%

10. Estimate loan classifications at this examination into the following types:

Loan Type	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
RE/Const/Land Development	46%	43%	36%	36%	60%
RE/Agriculture	2%	3%	2%	4%	1%
RE/Commercial/Industrial	32%	31%	28%	33%	16%
RE/Residential	7%	10%	9%	12%	7%
Agricultural	1%	1%	1%	1%	1%
Commercial/Industrial	9%	7%	21%	11%	14%
Consumer	3%	5%	3%	3%	1%

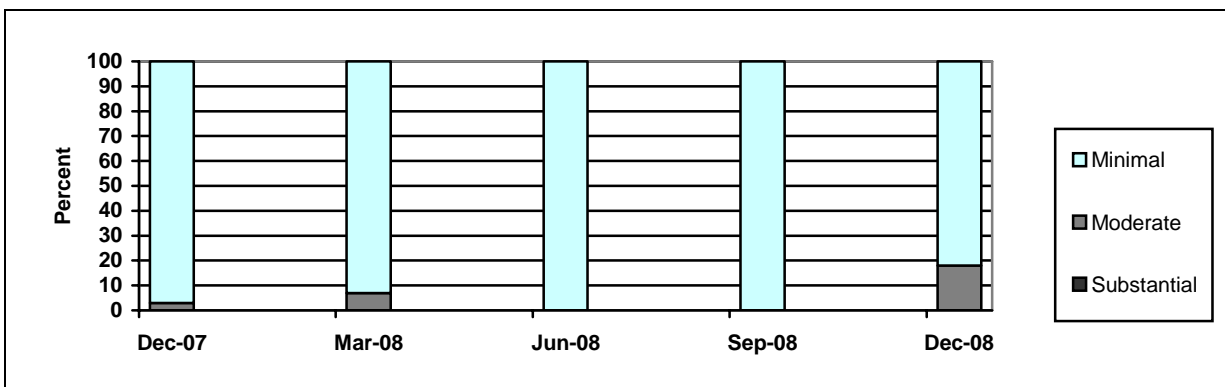
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INVESTMENTS

11. Since the last examination, has the institution purchased securities without understanding the characteristics of the issue?

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Yes	0%	4%	0%	0%	4%
No	100%	96%	100%	100%	96%

12. Differences between actual investment practices and written policies are:



OTHER

13. Has the bank established a borrowing line with FHLB?

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Yes	82%	86%	91%	90%	74%
No	18%	14%	9%	10%	26%
If yes, does the bank actively borrow from the FHLB?					
Yes	81%	67%	80%	82%	80%
No	19%	33%	20%	18%	20%

14. Does the bank hold off-balance sheet derivatives?

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Yes	0%	4%	9%	0%	4%
No	100%	96%	91%	100%	96%

15. List nontraditional activity the institution is engaged in.

	Dec-07	Mar-08	Jun-08	Sep-08	Dec-08
Yes	88%	79%	88%	87%	89%
No	12%	21%	12%	13%	11%
Of those that do:					
Nondeposit Investment Sales	17%	19%	12%	16%	20%
Insurance Sales	11%	6%	9%	6%	8%
Real Estate Loan Secondary Market Sales	18%	24%	24%	23%	24%
Non-transactional Web Site	11%	6%	12%	12%	10%
Transactional Web Site	39%	43%	41%	39%	36%
Other	4%	2%	2%	4%	2%